

BANKING & CENTRAL CASHIERING

BACKGROUND

The Banking Group operates within the Accounting Division of the Revenue and Finance Department, and is primarily responsible for recording all investment activity which occurs within the various funds. In addition, Banking serves as a liaison between the City and its financial institutions, signs and distributes checks, and oversees both the McKay Bay Scalehouse operation and Central Cashiering.

Nearly every city revenue can be processed through Central Cashiering, though the majority of their workload is utility bill processing. In FY 95, Central Cashiering processed 281,263 transactions for a total of \$53,081,129.55 in city revenues.

SCOPE

The audit will cover the period from October 1, 1994, through April 1, 1996.

PLANNING

1. Prepare and send an entrance letter to the Finance Director and Chief Accountant.
2. Being an in-house review, which includes the examination of :
 - a. prior internal audit reports and work files
 - b. organizational chart
 - c. annual budget
 - d. procedures manuals, if any, and personnel job descriptions
3. Schedule and hold an entrance conference with the auditee. Obtain the name of the primary department contact and arrange for work space as needed.
4. Begin preliminary survey portion of the audit by interviewing the appropriate staff members. Document the interviews with narratives in the file.
5. Review and document the internal control system. Conduct several transaction walk-throughs. Revise the documentation as necessary.
6. Prepare a preliminary survey memo and risk analysis. Discuss with the Audit Supervisor and include suggested audit objectives and testing procedures.
7. Prepare the audit program and include a time budget for completion. Index the work file and turn it in for review.
8. Clear the review notes and revise the audit program as necessary.

OBJECTIVE # 1

Test and assess the internal controls with in Central Cashiering.

9. Observe the daily pick-up of the night depository payments to ensure that access is appropriately safeguarded.
10. Observe the operations in Central Cashiering including cash drawer reconciliations and bank deposit procedures. Review a sample of documents to ensure that stated controls are in place. Follow-up on any weaknesses noted.
11. Check the systems security profile of each staff member to ensure that computer capabilities are appropriately limited.
12. Verify that each employee has taken at least five consecutive days of vacation in the last twelve months.
13. Review the night depository cash receipts log and trace a sample of payments to the ledger, the cashier's reconciliation, the armored car log and the bank statement or validated deposit slip. Follow-up on any delayed postings.
14. Assess the adequacy of physical security over the Central Cashiering area. Document any deficiencies noted.
15. Review the surprise petty cash count records. Conduct a surprise cash count, if necessary.
16. Review cash over and short records for irregularities. Investigate unusual items as needed.
17. Summarize and Conclude.

OBJECTIVE #2

Test and assess the internal controls with the McKay Bay Refuse to Energy Scalehouse facility.

18. Observe operations at the Scalehouse including cash drawers reconciliations and bank deposit procedures.
19. Check the systems security profile of each staff member to ensure that computer capabilities are appropriately limited.
20. Verify that each employee has taken at least five consecutive days of leave in the last 12 months.
21. Trace a sample of validated deposit slips back to the cashier's reconciliation and to the payment posting date to check for time lag. Follow-up on any delayed postings.
22. Assess the adequacy of physical security at the Scalehouse. Document any deficiencies noted.
23. Review the surprise petty cash count records. Conduct a surprise count if it appears necessary.
24. Review cash over and short records for irregularities. Investigate unusual items as necessary.
25. Summarize and Conclude.

OBJECTIVE # 3

To assess the adequacy of internal controls within the Banking Division over the vault, the check signing and distribution process, and over functions related to Central Cashiering and the Scalehouse Operation.

26. Determine the contents of the Banking Vault and assess the adequacy of the access controls.
27. Observe the check signing and distribution process. Document any control weaknesses noted.
28. Observe receipt validation and cash reconciliation procedures. Review records and determine what steps are taken when discrepancies are noted. Perform additional testing if needed.
29. Summarize and conclude.

WRAP-UP

30. Complete and index workpapers.
31. Prepare a preliminary draft of the audit report. Turn in to the Audit Supervisor for review.
32. Clear review notes and make changes as appropriate.
33. Send a copy of the draft report to the auditee with instructions for an exit conference, if one is needed.
34. Incorporate auditee's written responses in the report and send to the printer.
35. Update the permanent file.